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2 17. **ISSUE: HENDERSHOTT FURTHERED HIS PERSONAL FINANCIAL**
3 **INTEREST BY PROMOTING ACQUISITION BY MCSO OF FACIAL**
4 **RECOGNITION TECHNOLOGY AT COUNTY EXPENSE - SUBJECT:**
5 **HENDERSHOTT**
6 (Munnell Memo pp. 35-37)
7

8 **Chief Deputy David Hendershott**
9

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12 **RECOGNITION TECHNOLOGY AT COUNTY EXPENSE - SUBJECT:**
13 **HENDERSHOTT**
14

15 H12A. Allegedly, Chief Deputy David Hendershott engaged in inappropriate activities
16 on behalf of Hummingbird Defense Systems/Darcomm, including
17 recommending purchase by MCSO of facial recognition programs and
18 equipment that have not been activated, and taking trips to Honduras and China
19 to promote the products of Hummingbird Defense Systems/Darcomm. It has
20 been suggested that Hendershott personally benefited financially by his
21 association with Hummingbird and Darcomm.

22 H12B. Allegedly, Chief Deputy Hendershott, in furtherance of the interests of
23 Hummingbird Defense Systems and possibly his own interests, promoted
24 purchase of facial recognition equipment over much needed Mobile Data
25 Computers for Patrol Units.
26

27 H12C. Allegedly, at the direction of Hendershott, MCSO entered into a collaboration
28 with the government of Honduras, providing training and in return receiving a
29 photographic database from the Honduran government, with MCSO costs paid
30 for in large measure with RICO funds, which arguably were inappropriate for
31 this type of expenditure.
32

33
34 **MUNNELL'S WRITTEN ACCOUNT**
35

36 **Hendershott furthers his personal interest in Facial Recognition at the County's expense**
37

38 For more than a decade, Chief Deputy Hendershott has devoted a considerable amount of time and
39 money into the Facial Recognition project. A compilation of man-hours expended by detention
40 Officers, Deputy Sheriff's, finance personnel, civilian personnel, supervisory staff, and command
41 personnel in support of the project would be certainly be in the millions of dollars. In addition, a
42 considerable amount of RICO money has been spent on the hardware, software, travel, and other
43 related expenses; possibly hundreds of thousands of dollars.
44

45 This project has never been in the best interests of MCSO. Nor would it be objectively viewed as
46 being a worthwhile return on investment for RICO, Detention, and General Fund monies.
47 Nevertheless, there has been good reason to believe that the Facial Recognition project was in the

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1 best personal interests of Hendershott and his business associates, much, if not most of which is at
2 county expense. In fact, Chief Hendershott was quoted by a MCSO employee associated with the
3 project as stating that, upon their retirement from the Sheriff's Office, they were going to make
4 lots of money.

5
6 The original concept of Facial Recognition involved the use of cameras to photograph actual
7 people and comparing them with databases of wanted individuals. Although this technology was
8 purchased and installed by Con-Tents to identify work furlough and work release inmates on a
9 daily basis, it was never reliable. There were often frequent delays as Officers repeated the time-
10 consuming process of re-enrolling inmates into the system because the system had failed to
11 recognize them.

12
13 In addition, when the equipment malfunctioned, it was soon discovered that the vendor did not
14 respond in a timely manner and overall provided poor service. Because I was the Deputy Chief
15 responsible for that facility and was informed of these recurring problems, I instructed the facility
16 Commander to maintain daily log books to document the repeated problems and experienced with
17 that equipment. In addition, inmate-grooming policies had to be changed because the equipment
18 was incapable of identifying the same inmate from day to day due to facial hair growth.

19
20 The most egregious waste of public and RICO monies associated with Facial Recognition was the
21 Honduras project. As I saw it, what occurred was nothing more than a "Red Cross" show designed
22 to detract from the real purpose of making trips to Honduras, which I believe was to promote the
23 Facial Recognition system with the Honduran government as part of a "test marketing" effort to
24 prove that this system was viable. With a Honduran government endorsement as a marketing tool,
25 they could recruit other governments and other customers to purchase the technology and
26 equipment from Hummingbird and its vendor Steven Greschner.

27
28 Not only was the Honduras experience expensive and unwarranted it brought great criticism (once
29 discovered) from the media. Public records revealed also revealed this office spent an additional
30 \$122,144.89 towards the construction of a "Honduran Government fusion center." Michael
31 Ciaverella, CEO of Darcomm Network Solutions stated that the entire \$120,000.00 payment from
32 MCSO was passed on directly to Hummingbird Defense Systems, which was not an approved
33 vendor of the County. Hummingbird's CEO is Steve Greschner.

34
35 In addition to the Honduras travel, Hendershott also traveled to China for brief trips, and was
36 accompanied by Steven Greschner. The purpose of the trip was unknown, but its extremely short
37 duration suggested that it was made for business purposes, not for pleasure. It has been reported
38 that Hendershott also wanted to travel to Guadalajara, Mexico regarding Facial Recognition
39 matters, but you refused to authorize this travel at county expense due to negative media reports
40 regarding Hendershott's activities in Honduras. Hendershott may have made the trip to Mexico
41 anyway at his own expense. As of this date, Hendershott has repeatedly refused to discuss his
42 relationship with Greschner and obvious conflict of interest.

43
44 Hendershott has created a full time Facial Recognition Unit, staffed with full-time MCSO
45 personnel. It is true that Facial Recognition, by now using photo comparisons, is far more reliable
46 than live camera technology. Nevertheless, when viewing the project in its totality, for all of the
47 effort and money spent, only about fifteen (15) or twenty (20) cases or identifications have been
48 made. Considering these facts, it would be difficult to argue that the Facial Recognition system
49 has brought a positive return on investment.

50
51 Nearly a year ago, Hendershott approved the expenditure of twenty-five-thousand (\$25,000.00)
52 dollars worth of Facial Recognition equipment from the bankrupt Darcomm Company to be
53 installed in the Wells Fargo 19th Floor lobby for security reasons. As of this date, it should be
54 noted that the system has yet to be activated and is still not in use. Suffice it to say, this wasteful

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1 expenditure of RICO Funds was most impractical since history has shown that this type of Facial
2 Recognition system is unreliable and ineffective. This purchase appears to be nothing more than
3 another method to provide financial aid to a business associate of David Hendershott.

4 **Hendershott promotes Facial Recognition over Mobile Data Computers for Patrol Deputies**

5
6 It is very clear that Facial Recognition has been an important priority to Hendershott and his
7 business associates. Over the past decade, he has spent a great deal of time and money supporting
8 it. Unfortunately, he failed to exert even a fraction of that effort to provide our Deputies with
9 Mobile Data Computers ("MDC") for our patrol vehicles. In fact, MCSO was the very last agency
10 in Maricopa County to provide these essential tools of law enforcement to our sworn Deputies.
11 Last year, when the Office of Management and Budget ("OMB") rejected our budget request to
12 purchase the MDC units for the remaining patrol districts, I contacted Chief Hendershott who told
13 me they "were off the table."

14
15 At one point I spoke with you about the MDC project along with Lisa Allen. When I mentioned
16 that we were spending a great deal of money on Facial Recognition and we were not getting the
17 MDC units for the Deputies, your very first comment was "I hate Facial Recognition."

18
19 Because the MDC was my highest priority program and because Hendershott demonstrated such
20 an absolute lack of interest in pursuing this (MDC) matter, I took the initiative and sent a very
21 direct email to OMB, detailing the reason why MDC equipment was needed for the safety of our
22 Deputies and the citizens of Maricopa County. OMB subsequently approved the necessary
23 Funding for the project, a fact you acknowledged during your phone call with James Canfield,
24 Don Stapley's assistant.

25
26 It should also be noted that the Maricopa County Sheriff's Office does not have a full-time Crime
27 Analysis Unit. At the present time, only one dedicated Information Technology employee
28 provides crime statistics to our patrol districts and to our contract cities. However, an agency our
29 size should have a fully staffed unit with state-of-the-art crime analysis technology and software
30 that is critically needed for crime analysis. This is yet another one of many important functions of
31 the organization that has been neglected in favor of Facial Recognition, clearly putting the
32 financial interests of his business associates ahead of the safety and welfare of our Deputies who
33 put their lives on the line each and every day protecting the public.

34
35 **Hendershott furthers his personal interest in Facial Recognition at the County's expense**

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50 another method to provide financial aid to a business associate of David Hendershott.

51
52
53 **WITNESSES LISTED BY MUNNELL**
54

1	Captain Tim Campbell	DH told him @ FR unit they would make money.
2	Captain Vincent Campanaro	Facial Recognition system at jail didn't work.
3	Lt. Markley Johnson	Currently assigned to FR unit.
4	Deputy Chief Ray Churay	Bureau Commander over FR project.
5	Executive Chief Loretta Barkell	Oversaw expenditures related to FR/Honduras.
6	Steve Greschner-Hummingbird	FR Vendor
7	Michael Ciaverella-Darcomm	FR Vendor
8	Captain Jim Miller (retired)	Traveled to Honduras
9	Captain Pat Lopez	Traveled to Florida to pick-up Honduran hard-drive.
10	Deputy Roger Marshall	Traveled to Honduras

11 12 NARRATIVE SUMMARY

13
14 Munnell claims that Hendershott has a questionable relationship with Hummingbird
15 Defense Systems CEO Steve Greschner, with whom Hendershott has made several
16 very expensive trips to Honduras and China promoting the Facial Recognition Program.
17 The county has purchased expensive equipment from Hummingbird at Hendershott's
18 insistence, but the equipment has not been activated. Munnell concludes, "This
19 purchase appears to be nothing more than another method to provide financial aid to a
20 business associate of David Hendershott."

21
22 Munnell claims that Hendershott has spent county funds on the promotion of the Facial
23 Recognition program instead of spending the funds on much needed MDC equipment
24 for patrol units. Arpaio himself admitted to Munnell in front of Lisa Allen, "I hate Facial
25 Recognition."

26 27 DOCUMENTARY EVIDENCE

28
29 Among the relevant documents collected are the following.

30 31 Exhibit G3. Spreadsheet re: Honduras Salaries and Benefits

32
33 Records reflect that total cost for salary and benefits for personnel traveling to Honduras
34 in 2007 and 2008 was \$156,023.82, of which the vast majority was funded by RICO.
35 The document also lists, for the 14 employees traveling to Honduras, the start and end
36 dates, the travel number, and the description, which came in the form of two categories,
37 "Sister City Travel" and "Tegucigalpa, Honduras."

38 39 Exhibit G4. Spreadsheet re: Darcomm/Hummingbird Payment Data as of 9/13/10

40
41 The spreadsheet provided by Loretta Barkell, relating to payments to either Darcomm or
42 Hummingbird in the period from October of 2006 to July of 2009 was \$300,936.63. The
43 amount paid to Hummingbird in the time period was \$72,748.93 and to Darcomm the
44 figure was \$228,187.70. There were three funding sources, with \$548.19 coming from

1 the general fund, \$294,966.50 from the RICO fund and \$5,421.94 from the JEF (Jail
2 Enhancement Fund).

3
4 **Exhibit N1. Overview of MCSO Facial Recognition Unit**

5
6 This document, provided by Director Ray Churay, is a presentation of information about
7 the formation of the MCSO Facial Recognition Unit, which began full time operation at
8 the Arizona Counter-Terrorism Information Center (ACTIC) in October of 2006. The
9 document also lists the various accomplishments of the unit, notable cases, awards and
10 testimonials.

11
12 **WITNESS ACCOUNTS**

13
14 **Frank Munnell**

15
16 Frank Munnell indicated that his primary source of information relating to this set of
17 issues is Rollie Seebert. He has virtually no firsthand knowledge concerning the
18 matters at hand. For Munnell's account, apart from what is contained in the 63-page
19 memo, please refer to pp. 62-68, Exhibit II 28b.

20
21 **Karla Love**

22
23 Sgt. Love was an Administrative Sergeant in IA during the time that Roger Marshall was
24 on a mission to assist the country of Honduras. Marshall gave up his career for a year
25 to help out their government and took MCSO employees there with him to help.
26 Marshall extended the opportunity to Sgt. Love to work in Honduras, but she declined
27 as she did not want to leave her son. In Sgt. Love's opinion, however, the MCSO
28 employees chosen to go to Honduras were legit, i.e. Daniel Beck was selected to help
29 with transcription in Honduras since he spoke Spanish. Sgt. Love was responsible for
30 putting together the proclamation agreement with Roger Marshall to create a sister city
31 in Honduras, but she claimed that she did not know who the agreement was between.
32 Sgt. Love indicated that she was not involved in the implementation of the Facial
33 Recognition program.

34
35 **Rollie Seebert**

36
37 Seebert advises that he was in charge of Tent City when facial recognition equipment
38 was installed there for the purposes of identifying work release inmates who departed
39 from and reentered the facility. This equipment was installed at Tent City at no charge
40 to MCSO. The technology was not particularly effective at Tent City, although Rollie
41 does understand that it is used in ACTIC, and has been effective.

42
43 Seebert has no knowledge as to whether Hendershott had or has some sort of interest
44 in Hummingbird or Darcomm. Seebert had received reports about the effectiveness of
45 the facial recognition technology at Tent City from Captain Campanaro.

Dave Trombi

Trombi denied having any information relating to these issues. He has no knowledge of the nature of Hendershott's relationship with Hummingbird or Darcomm. He further denied having any involvement in or oversight of facial recognition, or the collaboration with Honduras.

Loretta Barkell

According to Barkell, in approximately 2002 or 2003, Chief Hendershott asked Shelly Bunn, Loretta and several other individuals to see a demonstration of facial recognition equipment at the offices of Hummingbird, located off of Camelback. Her recollection is that the demonstration did not go well, and neither she nor Shelly Bunn were impressed. Subsequently, Hendershott came to Barkell, and indicated that he wanted to implement the technology in the Sheriff's Office. She told him that Hummingbird was not a County vendor, and that MCSO did not have the funds available out of the general fund, or even the jail fund (JEF), to pay for the equipment. Hendershott indicated that he was going to work something out, and came up with the idea that Hummingbird would have the equipment and software donated, and they would set it up at the tents for the work release program, where inmates were released in and out with frequency. This was going to be somewhat of a pilot project. This was apparently approved, according to Barkell, by the County Board of Supervisors, as a first step.

When at the time the equipment was to be installed, Hummingbird decided, given the heat, they needed to build a small building with air conditioning in which to place the equipment. It is Loretta's understanding, based on information from Shelly Bunn, that after the equipment was installed at the tents, it did not work as designed, and ultimately the system was shut down. She felt that the Board of Supervisors had made the initial approval in 2004 or 2005, and the system was shut down at tent city approximately a year later.

In approximately 2005, Chief Hendershott hired Ray Churay, who was formerly with the FBI, to further implement the facial recognition software. In this timeframe, MCSO was paying from \$30,000 to \$40,000 dollars a year for software maintenance, which was paid for out of RICO, while the building that had been constructed to house the equipment, which cost approximately \$25,000, was paid for out of Jail Enhancement Funds. Churay had a different idea for implementation of facial recognition, and came up with the idea of setting it up at ACTIC. Every time Loretta would receive an invoice from DARCOMM, which she understood to be the predecessor business or name to Hummingbird, the invoice had been hand-delivered to Chief Hendershott by Steve Greschner, and if Hendershott was not available, Greschner would get the invoice to Ray Churay. According to Loretta, even though the system, at least as far as she understands, does not work, MCO has been paying \$35,000 to \$40,000 dollars a year in software maintenance and software upgrades.

1
2 According to Barkell, Chief Hendershott had been approached by Roger Marshall, a
3 former MCSO employee who was a missionary, about the needs of the Honduran
4 government, and the idea of MCSO partnering with Honduras was presented to her as a
5 sister city project. Loretta challenged him on the spending, and Chief Hendershott
6 considered it to be a "law enforcement sister city project." He felt that it would be very
7 beneficial if members of MCSO went down to Honduras, met with them, provided
8 training, and set up the sister city relationship. Chief Hendershott painted the picture of
9 the Honduran government being in "dire need," and that this was a "mission of mercy."
10 (p.38, Exhibit II6a) Subsequently, in approximately 2006 or 2007, Loretta was asked to
11 make travel arrangements for Hendershott and Captain Jim Miller, who were going to
12 travel to Honduras and meet with Honduran officials. They were gone for approximately
13 a week, and initially Loretta did not understand that there was any connection with the
14 partnership between MCSO and Honduras, and Hummingbird and facial recognition
15 technology. These travel arrangements were paid for through RICO funds.

16
17 Subsequently, a team of personnel from MCSO traveled to Honduras, toured the
18 Honduran facilities, and Hendershott came back very anxious to give the Honduran
19 government as much as MCSO could give them in terms of surplus furniture, surplus
20 computers, training materials and so forth.

21
22 Sometime in 2007, Hendershott sent down two different groups at two different times
23 with two different Captains to Honduras, and these groups were present there for
24 approximately a month to train Honduran personnel. Loretta thought that the first group
25 went in the spring of 2007, and the second group went in the fall of 2008. Captain
26 Edward Lopez went with the first group, the second group was led by Captain Brian
27 Beamish.

28
29 According to Barkell, it was about the time that the second group, led by Beamish, went
30 to Honduras that she heard that Hendershott thought it would be a good idea for the
31 Honduran government to partner with MCSO on the facial recognition program. He felt
32 that they would get invaluable information on gangs and cartels dealing with drugs, and
33 that the information might help solve crimes. It is her understanding that facial
34 recognition software was supposed to have been loaded on the surplus computers up to
35 this point in time the two training missions had been paid for through RICO funds.
36 Barkell came to understand that in exchange for the equipment and training, the
37 Honduran government was going to provide to MCSO a national database of
38 photographs, which would be incorporated into the facial recognition database at
39 ACTIC. She also indicated that around the time of the Super Bowl in Arizona,
40 Honduran dignitaries came up and the Chief Deputy arranged for them to have tickets
41 to the Super Bowl, in fact he took some of them to the Super Bowl. A few months later,
42 another group of Honduran officials came up and toured MCSO facilities, and MCSO
43 paid for their dinners and hotel, again out of RICO funds, in connection with the sister
44 city project. Eventually, Loretta understands, MCSO did obtain the photo database from
45 Honduras, but, there was a coup in Honduras, and the successor government was not

1 happy that the database had been released to MCSO.

2
3 According to Loretta, the cost for the two training missions, not including salaries, was
4 approximately \$30,000, again paid for through RICO.

5
6 Loretta had the understanding that the software that went down with the computers had
7 been contributed by Hummingbird. However, right after the October 2007, Chief
8 Hendershott had a proposal from Darcomm/ Hummingbird for \$122,000, to pay for the
9 hardware and software that would support the Honduran project. It was not clear to
10 Loretta whether the hardware and software was going to be retained in Maricopa
11 County, or was going to go to Honduras. Hendershott then worked out a deal with the
12 County Attorney's Office, which would pay for half the expense, because the photo
13 database from Honduras was going to be reportedly a useful investigative tool. At the
14 time, Loretta only had \$80,000 in RICO. The County did pay half of the \$122,000, and
15 Greschner came and picked up the check. She understood that the County Attorney's
16 Office ultimately refused to pay for the other \$61,000, but she is not sure what
17 happened. Loretta understands that Finance was not allowed to attach asset numbers
18 to the equipment at ACTIC, because it was a secure facility and intelligence center for
19 terrorism.

20
21 Barkell was asked by the team whether she had any reason to believe that Hendershott
22 or any other employees of MCSO had a financial interest in Hummingbird or Darcomm,
23 and she thought that Chief Hendershott did. When asked on what basis she expressed
24 this opinion, her comments were as follows.

25
26 On the, well, this isn't, based, the basis is that, I heard about a trip, by mistake,
27 from the Chief Deputy's executive assistant, that the Chief, he was on leave, and
28 that he had gone to China. And this was right before the Olympics over there
29 when they were looking at security systems. And that the purpose that he had
30 gone to China was to go with representatives from Darcomm to present this facial
31 recognition program. All I know is we did not pay for his ticket to China. I have
32 no travel records of him going to China. This was totally done on his own. (p.
33 47, Exhibit II6a)

34
35 She acknowledges that she has no way of proving that Hendershott has a financial
36 interest in Hummingbird/ Darcomm. She does believe, based on information she had
37 received from Lyzandra Ovist, Hendershott's administrative assistant, that Hendershott
38 had taken a trip to China to promote Darcomm products, or make some sort of
39 presentation to the Chinese government. She has no reason to believe that
40 Hendershott has received any payments from Darcomm/Hummingbird. She also knows
41 that the County did not pay for his trip to China.

42
43 Loretta estimated that the outlay by MCSO to Hummingbird/ Darcomm has averaged
44 approximately \$70,000 per year for maintenance or upgrades to the servers or system,
45

1 **Paul Chagolla**

2
3 Chagolla indicated that he was aware that Steve Greschner had business meetings with
4 Dave Hendershott relating to facial recognition, but he has no knowledge of
5 Hendershott having any financial involvement in Hummingbird or Darcomm.

6
7 Chagolla had information as to how MCSO came to be associated with the Honduran
8 government. It was his understanding that there was a sister agency relationship that
9 developed between the two. He understood that various resources and equipment
10 were provided to the Honduran government by MCSO, but had no firsthand knowledge
11 relating to the funding. He did not doubt that some of the funding may have come from
12 RICO funds.

13
14 **Lt. Paul Ellis**

15
16 Lt. Ellis denied any information about the facial recognition technology or Hendershott's
17 relationship to Hummingbird or Darcomm.

18
19 **Brian Sands**

20
21 Sands indicated that he had no information relating to the nature of the relationship
22 between Steve Greschner and Dave Hendershott, or whether Hendershott had any
23 interest, whether publically declared or not, in Hummingbird Defense Systems. He has
24 no reason to believe that Hendershott has personally profited by the Sheriff's Office
25 acquisition of facial recognition technology. Sands denies ever having spoken to Dave
26 Hendershott about facial recognition technology or the trips to Honduras and China.

27
28 According to Sands, Jimmy Miller at some point in time was seeking funding to assist
29 with trainings in Honduras, and Sands that Miller needed notebooks. Miller dropped a
30 memorandum to Sands, asking if the posse could donate money to buy the notebooks,
31 and the posse did donate some funds to purchase the notebooks and binders.

32
33 **Don Schneidmiller**

34
35 Schneidmiller has no first-hand information relating to these allegations. He has
36 received hearsay information from time to time.

37
38 **Jerry Sheridan**

39
40 Sheridan acknowledged that he had very little first-hand information relating to the
41 collaboration between MCSO and the Country of Honduras, and the interface with facial
42 recognition. Sheridan did say that Hendershott was very excited about the application
43 of facial recognition technology in law enforcement and in the jail system, for
44 identification purposes. He had Detention construct a shed to house the facial
45 recognition in tent city, for the inmates that were work release inmates that would come

1 in and out every day. When asked if the system worked effectively, Sheridan's
2 comments were as follows.

3
4 A: No, not really. There were a lot of glitches in it in the beginning. The
5 heat, the dust, facial hair, the way people held their heads and all that. But that
6 was very early on in the technology, and to be honest with you, I haven't paid
7 much attention to it in the last few years.

8
9 Q: So the system is still in operation?

10
11 A: I don't think so, but I don't know for sure, to be honest with you. (p. 30,
12 Exhibit II37)

13
14 Sheridan had absolutely no information as to whether Hendershott has been enriched
15 financially by his association with Hummingbird or with Steve Greschner. Sheridan
16 understood that the total cost of the collaboration with Honduras was approximately
17 \$90,000, paid out of RICO money.

18 19 **Bill Knight**

20
21 Knight was not personally involved in this matter, but recalled hearing a story from Joe
22 Dana, a Channel 12 news reporter, who had allegedly found out that Steve Greschner,
23 the owner of Hummingbird, and Dave Hendershott were traveling together in China or
24 Japan. According to the stories Knight has heard, Dana posed as Hendershott, called
25 the hotel where he was staying and verbally identified himself as Hendershott, asking
26 for hotel receipts and confirmation of the stay, and Dana received the receipts. Dana
27 aired a story about Hendershott's trips with Greschner and Knight recalled that the story
28 was somehow connected to Facial Recognition. Hendershott later confronted Dana in
29 front of the Board of Supervisor's auditorium and the confrontation was caught on
30 camera. Hendershott accused Dana of impersonating him, illegally obtaining records
31 and told Dana that he was going to be investigated.

32
33 Hendershott later directed Knight's computer crimes unit to gather information on the
34 incident and to investigate Dana getting the hotel records and impersonating
35 Hendershott. Sgt. Molina attempted to contact Greschner and gather information on the
36 hotel where they stayed, getting identification of the person who released the records,
37 etc., but Greschner was not cooperative and there was no case without his assistance.
38 Knight did not know what Greschner's relationship was with Hendershott and did not
39 know the purpose of their business trips together to the Orient.

40 41 **Scott Freeman**

42
43 Freeman indicated that he had some information relating to these issues. He indicated
44 that originally, a guy by the name of Steve Greschner, from Hummingbird Defense
45 Systems, was meeting with Hendershott very regularly, to the point that he was in the

1 office more than MCSO Admin employees, and employees were having a difficult time
2 contacting Hendershott. They would have meetings for hours at a time. He did not
3 know if Hendershott had any financial interest in Hummingbird/Darcomm.

4
5 Scott Freeman had concerns, at one point in time, about the money that MCSO was
6 paying out of RICO funds for the collaboration with Honduras. Freeman told Loretta
7 Barkell that he did not think that it was a lawful use of RICO funds, spending money
8 basically on a foreign government with RICO dollars. He asked her not to mention
9 anything to Hendershott until he could personally research the matter himself. Loretta
10 subsequently told Hendershott that Freeman had said that it was an improper use for
11 RICO funds. By the time Freeman got to Hendershott's office, Hendershott was
12 prepared for Freeman. (p. 77, Exhibit II14a) Freeman summarized what he told
13 Hendershott in his meeting with Hendershott, and Hendershott's response to Freeman's
14 evaluation about the propriety of using RICO funds.

15
16 A: In my opinion, that it was not an appropriate use of RICO dollars. That it
17 was just wrong. I could find no justification in my mind. This is not any kind of
18 a racketeering crime. This is not a crime prevention method that is going to have
19 any purpose here in the United, you know, here in Maricopa County. I just
20 couldn't see a legitimate axis between RICO dollars and sending guys to
21 Honduras to train the Honduran police department. If that was in fact the whole
22 mission. And he told me that I didn't have to worry about it. That it was none of
23 my damn business and that if this all went bad he would stand up in court and
24 testify that Scott Freeman came in here and told me this was wrong and I decided
25 to do it anyway. Enough said? You don't have to have anything more to do with
26 Honduras. And, I didn't. (p. 77, Exhibit II14a)

27
28 Freeman was of the belief that the costs of the Honduran collaboration was, to the
29 Sheriff's Office, over \$100,000, but he was not certain how much of that came from
30 RICO funds, although he knows that some of it did. Freeman did indicate that he had a
31 discussion with Hendershott about it, and Hendershott said that he had gotten a legal
32 opinion from an attorney that using RICO dollars for the Honduras project was
33 appropriate.

34
35 **David Hendershott**

36
37 Hendershott denies that he has ever had any financial interest in Hummingbird Defense
38 Systems or Darcomm; that any members of his extended family have ever had an
39 interest in Darcomm or Hummingbird; or that he had ever received any gifts,
40 compensation, money, or any other benefits from Darcomm or Hummingbird, or the
41 principals of the organization, except that Steve Greschner bought lunch for him on one
42 occasion, seven to eight years ago.

43
44 When asked again if this was the only gratuity, compensation or benefit that he had
45 received from Greschner, Darcomm, or Hummingbird, Hendershott indicated that

1 Greschner had bought dinner at a meeting in Santa Fe, New Mexico where Hendershott
2 was presenting the concept of facial recognition to a group. Hendershott had flown
3 there at Sheriff's Office expense, and Hendershott considered facial recognition to be a
4 major breakthrough in law enforcement. Hendershott also denied that there had been
5 any promises or agreements between him and Greschner or any other principals of
6 Hummingbird or Darcomm for him to receive any compensation in the future.

7
8 Hendershott denies Munnell's claim that facial recognition did not work in the work
9 furlough and work release inmates, and was never reliable. Hendershott, as he did on
10 several occasions during the discussion of this subject, suggested that the PCSO team
11 speak with Ray Churay, who will assert that facial recognition has had "an incredible
12 degree of success."

13
14 Hendershott denies that his purposes in making the trips to Honduras was to promote
15 the facial recognition system, as part of a test marketing effort to prove the system was
16 viable. Hendershott claims that facial recognition had already been proven as viable.
17 Hendershott also pointed out that Hummingbird never got possession of the Honduran
18 photographs; rather, the Sheriff's Office did, and they are part of the ACTIC database.

19
20 Hendershott did not recall whether the Sheriff's Office had a contract with Darcomm or
21 Hummingbird. He did believe that Darcomm had a state contract, and that
22 Hummingbird was a vendor of Darcomm. According to Hendershott, the start of the
23 interest in facial recognition came when Hummingbird "made a substantial donation" of
24 equipment and software, and provided MCSO with all of the equipment and all of the
25 "technical stuff." He believes that Hummingbird was paid out of RICO money.
26 Hendershott claims that his first trip to Honduras was made for a "humanitarian"
27 purpose, to see if there was something that MCSO could do to assist the Honduran
28 government.

29
30 The following took place, in the context of the interview, relating to the decision to spend
31 MCSO money on helping Honduras, in light of the many other needs at MCSO.

32
33 BABEU: Here, when you're looking at this and as the public views this and
34 as people in your agency and then hearing it because I have a compassionate heart
35 as well, how do you answer the obvious criticism of your spending your time,
36 other command staff time, other line Officers, other support, monies from RICO
37 accounts that could have been used for other resources in your agency that many
38 people said should have been a priority how do you justify using resources of the
39 County whether it's an actual tax dollars because of somebody's salary going
40 down there and your paying for me as a command staff member for months at a
41 time and RICO money for a foreign effort whether you have heart strings or
42 whether you want to help them out or not when you have other concerns or
43 priorities that the public here would have, how do you justify that?
44

1 A: Well, I will tell you that assisting in sister city projects are something that
2 are undertaken by just about every major municipality in this area that I know and
3 so the idea of using tax payer dollars to frankly sister city with another poorer
4 police department okay is, that has limited training, is something that I think that
5 we as professionals all need to take a little piece of the world and make it better.
6 Get our involvement with the Honduran government, I think we trained like three
7 hundred and sixty five of their Officers which is, and I mean really trained them,
8 really trained them. The other thing that I'm very proud of is that when I went
9 down there the Minister of Security was really concerned because of all the
10 corruption and we went to the prisons, we went to the police departments, every
11 there was about six segments of government that we went to and then at the end
12 of the week I met with the minister and I made recommendations to the minister.
13 Now let me tell you and this probably gets down to what I would say is the way
14 Dave Hendershott managed it as opposed to the way maybe someone else
15 managed it. Alright, it is very common in that situation to go down and be an
16 advisor, to hang around for a week, and you tell them what needs to be done. And
17 let me tell you the guys are used to that, you know, my perception is everybody's
18 used to being saved by the Americans. They hang around for a while, tell you oh
19 well you got corruption here, you got this is bad, this is bad, this is bad, but the
20 major flaw in my opinion is it's impossible to tell someone that does not have all
21 of the capacity to implement any more than, it comes out sounding like criticism
22 and so when I went down there I thought okay if we're going to do this, let's do it
23 right. Let's do it right and so I said alright you need, you know they said it's
24 obvious that you need to have your military trained as policemen so we set that up
25 and we really leaned towards evidence collection and because a lot, if not most of
26 their cases were turned down because of lack of evidence or how they recovered
27 evidence and give the prosecutors the benefit of the doubt... (pp. 24-25, Exhibit
28 III6d)

29
30 Hendershott indicated that the relationship with Honduras lasted for approximately two
31 years. He also claimed that there was a legal opinion from the County Attorney's Office,
32 which Loretta Barkell has on file, reflecting that what the County did (or was proposing
33 to do) in Honduras was legal and appropriate. Hendershott also believes that the use of
34 the RICO money on the Honduran project was appropriate.

35
36 Hendershott was asked whether a lot could have been accomplished at MCSO, in terms
37 of various issues, with the monies that had been expended on the Honduran project.
38 Hendershott's response was as follows.

39
40 A: Okay first off I caught the computer thing. It would be totally
41 inappropriate and it would be supplanting for me to have used RICO money to
42 buy computers because it's a budgeted item plus what we had, just off the top of
43 my head I want to say the computer project was running somewhere around eight
44 hundred thousand dollars okay by law I saw no way of buying computers out of
45 RICO money ever it would have exhausted the RICO account and because of the

1 needs of you know, it just wouldn't have been right. So the contention by
2 Munnell or whoever thinks that oh we could have done this okay first off I believe
3 it would have been supplanting and it, and basically I think that the argument that
4 you that this should have been done as opposed to this is frankly back seat
5 driving, somebody's opinion. In my opinion it was one of the most, it's
6 something in my career that I will never forget as I really truly think, and this was
7 my concern, I really truly think that we made a difference and one other thing I'd
8 really like to tag on is probably the biggest impact is, is the minister of security
9 said we have such terrible corruption how do we do this and I said okay here's
10 what needs to happen. I want you to get a hundred of your Officers, we'll train
11 them as Internal Affairs investigators but I said I won't do this unless under one
12 condition, they all have to pass a polygraph and if they fail they're just out or if
13 they refuse. He said deal. I coordinated this with the United States Embassy,
14 they were on board and we did that and I will tell you... (p. 25, Exhibit II16d)

15
16 Hendershott was asked whether or not the effort in Honduras would have been a better
17 role for the CIA, FBI or some other Federal agency, and Hendershott's response was
18 that this was essentially to offer training in a sister city project, which he said, agencies
19 "do all the time." Hendershott indicated that Sheriff Arpaio agreed with the Honduran
20 project and liked the idea. Hendershott denied that he would proceed with the
21 Honduran project without the Sheriff's blessing. (p. 26, Exhibit II16d)

22
23 Hendershott was asked how facial recognition came into the picture in the context of the
24 Honduran project.

25
26 A: Well I discussed, you know they had, I specifically remember this
27 scenario one of the biggest problems they had on the island of Roatan is that is
28 their main tourist destination and basically the biggest problem that they have is
29 that individuals would ride over on the shuttle boat steal for a day and come back
30 and go back the mainland. And I said well are these guys that have been arrested
31 before. And he said yeah, they're known thieves and I said well you know what
32 you need is a, like a facial recognition system. And so I explained it to him and
33 he thought it would be interesting and we basically discussed the way it could be
34 operated. And believe me I am very, very acutely aware of what information we
35 can give and what we can't. So basically Ray and I explored ways that we might
36 be able to help them with excuse me, with a facial recognition project and a term I
37 like using boot strap out of all of our existing systems. And as I recall the way
38 that we thought we could have it happen is that, I use the term dead head terminal.
39 Is there a way that a dead head terminal could be bracketed off, shot up to our
40 counter terrorism center and this is the key and if they provided us pictures could
41 they then submit a photo and query their own pictures. None of our pictures but
42 their own pictures and the term that I believed we used was a dead head project.
43 (pp. 26-27, Exhibit II16d)
44

1 Hendershott indicated that the system access that had been envisioned was never
2 implemented, because of the media criticism, during an election year. He claims that
3 the media painted "some kind of dark sinister thing around this," referring to the
4 Honduras project, and the issue of the money came up as well, despite the fact that
5 Hendershott had obtained a legal opinion. Hendershott acknowledged that MCSO did
6 ultimately receive a photographic database from Honduras, and the Honduran
7 photographs were added to the ACTIC system.

8
9 Hendershott denies that he has even been part of a business enterprise with Steve
10 Greschner, other than Hummingbird or Darcomm.
11